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C O N F I D E N T I A L ROME 001391

SIPDIS

E.O. 12958: DECL: 04/22/2010

TAGS: IS IT MASS SY ETTC EXPORT CONTROLS

SUBJECT: ITALY: POTENTIAL SALE TO SYRIA OF AIR DEFENSE SYSTEM

Classified By: DEPUTY CHIEF OF MISSION EMIL M. SKODON, REASONS 1.5 (B)  
AND (D)

¶1. (C) Prime Minister Berlusconi's diplomatic adviser, Giovanni Castellaneta, invited DCM and POL MC to his office April 22 to discuss Italian plans to sell an "Air Defense Integrated System" (ADIS) to Syria. Castellaneta said that the Italian firm Finmecannica (a defense industry conglomerate, 32% state-owned, on whose board Castellaneta sits) and its subsidiaries Alenia and Marconi Systems had reached a draft agreement with the government of Syria for a 422 million dollar project, commencing in 2006 with completion targeted for 2009. The proposal would be built around Damascus and would include surveillance radar, fixed and mobile command centers, and a secure ground communications network. Castellaneta provided a three-page description of the project, which post has secure faxed to State (EUR/WE). He said that the Italian proposal had won out over a strong competing bid by a Russian firm.

¶2. (C) Castellaneta said that no actual contract has been signed yet, and probably would not be until later this year. He asked that the DCM provide Washington's reaction to the proposed sale as soon as possible, ideally within the next seven days. He specifically said that if the US does not want Finmeccanica to proceed, it would not. Castellaneta's deputy, Paolo Dionisi, emphasized that the proposed system is not "state-of-the-art".

¶3. (C) DCM undertook to provide Washington's response as soon as possible. He noted that the question had arisen at a particularly sensitive time, as it is not yet clear whether Syria will comply with its obligation under UNSCR 1559 to withdraw fully from Lebanon. He asked whether the Italians had yet consulted with Israel on this issue. Castellaneta replied that he believed Israel was aware of Italian-Syrian negotiations on the project, but Israel and Italy have not yet discussed the project directly.

¶4. (C) ACTION REQUEST: Embassy Rome requests that Department provide, ideally by April 29, an initial interagency response to the Italian inquiry. This should include (obviously): the potential effect on implementation of such a deal on UNSCR 1559 implementation; any applicable side-effects of USG sanctions on Syria; and an assessment of the potential Congressional reaction. END ACTION REQUEST

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